The GTM
GREATER TUBATSE
MUNICIPALITY

South Africa's first democratic platinum city

Greater Tubatse Municipality

(Registration number Lim 475)

Annual Financial Statements
for the year ended 30 June 2015

Greater Tubatse Municipality
(Registration number Lim 475)
Trading as Greater Tubatse LM
Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Mayoral committee	
The Mayor	Cllr R S Mamekoa
The Speaker	Cllr Q M Moeng
The Chief Whip	Cllr S M Nkosi
Councillors	Cllr M M Mabelane
	Cllr N D Mphethi
	Cllr M E Mogofe
	Cllr M L Mabilu
	Cllr R F Lourens
	Cllr L D Moraba
	Cllr N M Moropane
	Cllr P A Mohlala
	Cllr P C Sekgobela
	Cllr M E Makgoga
	Cllr M P Makine
	Cllr M R Mashabela
	Cllr M A Malatji
	Cllr D Kgoete
	Cllr B E Hlatshwayo
	Cllr M R Riba
	Cllr M S Hlongwa
	Cllr D P Nkwana
	Cllr N C Moropane
	Cllr M T Lesinya
	Cllr D M Magane
	Cllr L R Maroga
	Cllr K V Mphofelo
	Cllr K M Maile
	Cllr M C Komane
	Cllr M E Riba
	Cllr P J Hlatshwayo
	Cllr M N Thobejane
	Cllr A W Mbuyane
	Cllr S S Kgoete
	Cllr A S Maepa
	Cllr A M Shai
	Cllr N M Tshehla
	Cllr L J Rantho
	Cllr T D Komane
	Cllr J B Sekgobela
	Cllr N L Selahle
	Cllr L C Tau
	Cllr K J Mogale
	Cllr J L Kgwedi
	Cllr E Maleka
	Cllr I T Makofane
	Cllr R R Manotwane

General Information

	Cllr R L Makofane Cllr P E Malapane Cllr S M Malatjie Cllr M R Khoza Cllr S I Selala Cllr M D Thobejane Cllr P M Mahlaba Cllr R Makhubedu Cllr S C Mphogo Cllr M D Nkosi Cllr O S Serothwane Cllr K J Moraba Cllr A D Ngwatle Cllr M M Mametja Cllr N J Mahlake
Grading of local authority	Grade 4
Accounting officer	Mohlala J N T
Acting Chief Finance Officer (ACFO)	Mhangwana D
Registered office	Greater Tubatse Municipality
Business address	1 Kastania Street Burgersfort 1150
Postal address	P. O. Box 206 Burgersfort 1150
Auditors	Auditor General South Africa
Nature of business and principal activities	Municipality
Bankers	First National Bank Burgesfort
Attorneys	Noko Maimela Incorporated Attorneys

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

The unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the municipality to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring that the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The unaudited annual financial statements set out on pages 6 to 52, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

31/8/2015

Municipal Manager | **Date**

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members and attendance
Greater Tubatse Local Municipality used Greater Sekhukhune District Municipality' s Audit and Performance Committee until in May 2015, when an Audit & Performance Committee was appointed. The Audit Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year, the new Audit Committee two (2) number of meetings were held.

Name of member & number of meetings attended
1. Adv. Letsepe Thubakgale (Chairperson) - 2/2
2. Adv. Tebogo Martin Malatji - 1/2
3. Mr. Joseph Nakedi Mpyana - 1/2
4. Mr. Siyakhula Simelane - 1/2

Audit committee responsibility
The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control
The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of annual financial statements
The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices ;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit
The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa
The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Adv. Letsepe Thubakgale
Chairperson of the Audit Committee
Date:

Accounting Officer's Report

The accounting officer submits the report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in municipal activities such as rates, refuse and other services and operates principally in South Africa.

Net surplus of the municipality was R 22,094,378 (2014: surplus R 6,204,801).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to Note 42.

3. Subsequent events

The accounting officer is not aware of any subsequent event after reporting date which may negatively impact on the annual financial statements except the proclamation by the President of the RSA to conduct an investigation into certain matters in respect of the affairs of the Greater Tubatse Municipality. Proclamation R.51 of 2014 as published in Government Gazette .

4. Accounting officer's interest in contracts

The accounting officer did not declare any interests in contracts of the Municipality.

5. Accounting policies

The annual financial statements were prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting officer

The accounting officer of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
Monyepoa M A	RSA	1 July 2014 to 31 August 2014
Moja M M	RSA	8 September 2014 to 28 April 2015
Ramaipadi M A	RSA	14 May 2015 to 30 June 2015

Mr JNT Mohlala was appointed as the Municipal Manager on 1 July 2015.

Accounting Officer's Report

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

Councillors

The councillors:

- retains full control over the municipality, its plans and strategy;
- aknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising;
- > - Mayor
- > - Speaker
- > - Councillors, and
- > - Executive councillors.

Chairperson and chief executive

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

For the last 6(six) months of the current financial year the chairperson of the audit committee was Mr K.M Ramukumba (non-executive director/ independent audit committee member) and for the first 6(six) months it was Mr A Dzuguda, who is an independent audit committe member. The committee met 4times during the financial year to review matters necessary to fulfil its role.

The audit commitee comprises of the following members appointed as a shared audit with Sekhukhune District Municipality as from the 24 January 2014. Ms SV Mabilane,Mr L. Langalibalela,Mr P.R Mnisi and Mrs S.M Makinta. The term of the audit committee will expired on 25 January 2015 as per memorandum of understanding between GTM and Sekhukhune District Municipality. .

8. Bankers

The municipality banks primarily with First National Bank Limited.

9. Auditors

Auditor General South Africa will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2015

Figures in Rand	Notes	2015	2014 Restated*
Assets			
Current Assets			
Inventories	7	653,606	-
Receivables from exchange transactions	8	2,272,837	1,437,356
Receivables from non-exchange transactions	9	3,524,337	4,313,093
VAT receivable	10	864,049	-
Consumer debtors from exchange transactions	11	18,063,155	26,620,472
Consumer debtors from non-exchange transactions	11	92,375,995	55,508,206
Cash and cash equivalents	12	197,254,625	108,741,758
		315,008,604	**196,620,885**
Non-Current Assets			
Investment property	3	148,135,000	120,255,400
Property, plant and equipment	4	1,342,587,248	1,434,158,808
Intangible assets	5	136,698	230,884
		1,490,858,946	**1,554,645,092**
Total Assets		**1,805,867,550**	**1,751,265,977**
Liabilities			
Current Liabilities			
Other financial liabilities	13	831,120	831,120
Finance lease obligation	14	2,183,722	2,004,394
Operating lease liability	38	17,477,049	16,277,388
Payables from exchange transactions	17	52,402,609	44,812,754
VAT payable	18	821,729	2,308,908
Consumer deposits	19	-	1,192,319
Unspent conditional grants and receipts	15	39,553,395	15,568
Provisions	16	5,370,000	5,597,536
		118,639,624	**73,039,987**
Non-Current Liabilities			
Other financial liabilities	13	15,079,370	14,633,682
Finance lease obligation	14	28,321	2,212,042
Employee benefit obligation	6	14,931,000	21,264,000
Provisions	16	7,014,762	6,073,897
		37,053,453	**44,183,621**
Total Liabilities		**155,693,077**	**117,223,608**
Net Assets		**1,650,174,473**	**1,634,042,369**
Accumulated surplus		1,650,174,473	1,634,042,369

* See Note 41

Greater Tubatse Municipality

(Registration number Lim 475)
Trading as Greater Tubatse LM
Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	8,730,813	7,984,926
Rental of facilities and equipment	34	420,071	557,171
Licences and permits		6,738,786	6,413,748
Fees earned		652,491	648,495
Commissions received		-	4,839,601
Other income		943,204	667,280
Interest received - investment		7,209,049	5,783,951
Total revenue from exchange transactions		**24,694,414**	**26,895,172**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	75,360,585	70,009,714
Property rates - penalties imposed	21	7,621,393	5,383,223
Transfer revenue			
Government grants & subsidies	23	313,483,339	226,471,252
Traffic fines		1,829,100	1,525,450
Total revenue from non-exchange transactions		**398,294,417**	**303,389,639**
Total revenue	20	**422,988,831**	**330,284,811**
Expenditure			
Employee related costs	26	(96,588,554)	(85,441,511)
Remuneration of councillors	27	(18,122,309)	(17,715,494)
Depreciation and amortisation	30	(106,169,596)	(105,656,302)
Impairment loss/ Reversal of impairments	31	(20,692,786)	(967,571)
Finance costs	32	(4,630,363)	(2,037,404)
Debt Impairment	28	(17,908,037)	(1,800,000)
Repairs and maintenance		(5,367,590)	(6,726,494)
Contracted services	35	(17,795,002)	(13,404,989)
Transfers and Subsidies	36	(3,734,692)	(3,581,027)
General Expenses	25	(143,522,324)	(42,935,905)
Total expenditure		**(434,531,253)**	**(332,067,610)**
Operating deficit		**(11,542,422)**	**(1,782,799)**
Loss on disposal of assets and liabilities		(22,842,801)	-
Fair value adjustments Investment Properties	29	48,790,600	4,140,600
Actuarial Gains and Losses Post Employment Benefits	6	7,689,000	3,847,000
		33,636,799	**7,987,600**
Surplus for the year		**22,094,377**	**6,204,801**

* See Note 41

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2013	**1,627,837,568**	**1,627,837,568**
Changes in net assets		
Surplus for the year	6,204,801	6,204,801
Total changes	6,204,801	6,204,801
Restated* Balance at 01 July 2014	**1,628,080,094**	**1,628,080,094**
Changes in net assets		
Surplus for the year	22,094,379	22,094,379
Total changes	22,094,379	22,094,379
Balance at 30 June 2015	**1,650,174,473**	**1,650,174,473**

* See Note 41

Cash Flow Statement

Figures in Rand	Notes	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		9,433,089	13,126,295
Grants		313,483,339	226,471,252
Interest income		7,209,049	5,783,951
		330,125,477	245,381,498
Payments			
Employee costs		(114,710,863)	(103,157,005)
Suppliers		(67,053,780)	(84,519,932)
Finance costs		(3,986,838)	(2,037,404)
		(185,751,481)	(189,714,341)
Net cash flows from operating activities	37	**144,373,996**	**55,667,157**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(55,502,084)	(29,253,076)
Purchase of other intangible assets	5	-	(173,500)
Net cash flows from investing activities		**(55,502,085)**	**(29,426,576)**
Cash flows from financing activities			
Repayment of other financial liabilities		445,688	(1,227,087)
Finance lease payments		(2,004,393)	(2,557,367)
Proceeds from operating leases		1,199,661	-
Net cash flows from financing activities		**(359,044)**	**(3,784,454)**
Net increase/(decrease) in cash and cash equivalents		**88,512,867**	**22,456,127**
Cash and cash equivalents at the beginning of the year		108,741,758	86,285,631
Cash and cash equivalents at the end of the year	12	**197,254,625**	**108,741,758**

* See Note 41

Statement of Comparison of Budget and Actual Amount for the ended 30 June 2015

Description	Approved Budget R	Adjustment Budget R	Final Budget R	Actual R	Variance R	Variance %	Narratives
FINANCIAL PERFORMANCE							
Property rates	55,120,000	12,880,000	68,000,000	85,792,922	-17,792,922	-26%	The Municipality collected more revenue than anticipated due vast developments in the area
Service charges	5,160,000	3,840,000	9,000,000	8,730,813	269,187	3%	n/a
Government grants & subsidies – operating	189,017,800	0	189,017,800	183,931,618	5,086,182	3%	n/a
Government grants & subsidies – capital	215,275,000	0	215,275,000	129,551,721	85,723,279	40%	The municipality equitable share for the second trench and MIG grants were withheld for some time hence money was not invested as planned.
Fines	300,500	0	300,500	1,829,100	-1,528,600	-509%	The municipality recognised traffic fines in terms of iGRAP1 retrospectively and was not anticipated in the budget process.
Interest earned External investment	3,392,000	0	3,392,000	4,215,428	-823,428	-24%	The municipality transferred R56million from the call account to a fixed deposit account that attracted a higher interest rate.
Interest Earned -Outstanding debtors	4,450,000	2,000,000	6,450,000	1,045,723	5,404,277	84%	The amount of debt increased due to poor collection, debt collectors did not perform as expected.
Rental of facilities and equipment	650,000	0	650,000	420,071	229,929	35%	The Municipality cancelled some lease agreement hence less collection than anticipated.
Other revenue	23,761,000	-2,189,000	21,572,000	10,960,916	10,611,084	49%	An amount of R10million for the establishment of parks and nursery was not received.
Income foregone	-1,300,000	0	-1,300,000	-2,810,944	1,510,944	-116%	Additional rebates were calculated as the Municipality collected more property rates than anticipated due vast developments in the area.
TOTAL REVENUE	**495,826,300**	**16,531,000**	**512,357,300**	**423,667,368**	**88,689,932**	17%	
EXPENDITURE							
Employee related costs	86,124,138	-4,072,948	82,051,190	79,662,234	2,388,956	3%	n/a
Employee Social Contribution	19,522,261	-742,274	18,779,987	16,926,320	1,853,667	10%	n/a
Remuneration of councillors	17,034,360	197,464	17,231,824	18,122,309	-890,485	-5%	n/a
General expenses	96,488,528	9,947,153	106,435,681	165,945,967	-59,510,286	-56%	Poor spending was as a result of PPP project on waste which could not kick-start as anticipated, project builder fail to secure project funding and the project has to be re-evaluated.
General Expenses- Contracted Services	23,740,000	7,500,000	31,240,000	17,795,002	13,444,998	43%	. A contract for the appointment of security services was earmarked to kick-start with the new rates and that did not happen and as such affected the spending.
Interest Expenses-External Borrowings	1,500,000	0	1,500,000	4,630,363	-3,130,363	-209%	This happened due to decline in interest rates during the financial year
Repairs & maintenance	6,192,000	3,550,000	9,742,000	5,367,590	4,374,410	45%	Fleet management was moved to the assets management unit and there was an increased management of assets hence less expenditure
Inter-Departmental charges	3,000,000	0	3,000,000	2,682,371	317,629	11%	The Municipality spent less on electricity charges by other departments
Depreciation	4,800,000	0	4,800,000	106,169,596	-101,369,596	-2112%	The correction of prior period errors and the use of asset management professionals judgement and interpretation of GRAP 17 resulted in a higher depreciation figure that anticipated.
Contributions to bad debt	2,700,000	0	2,700,000	17,908,037	-15,208,037	-563%	The contribution to the bad debt for the current year was higher than anticipated after taking into account the correct interpretation of GRAP 19.
TOTAL EXPENDITURE	**261,101,287**	**16,379,395**	**277,480,682**	**435,209,789**	**-157,729,107**	-57%	
Operating Surplus / (Deficit)	**234,725,013**	**151,605**	**234,876,618**	**-11,542,421**	**246,419,039**	1	

An explanation of significant variances greater than 10% is given.

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables, for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit , the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment of trade and other receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtorshave defaulted on payments already due, and an assessment of their ability to make payments based on their payment history. Debtors will be analysed in terms of concentrations of individual risk classes showing each individual ageing.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16.

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in note 6.

Classification as investment property

The municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio has either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgment. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Accounting Policies

1.2 Investment property

Investment property is initially recognised at cost. Transaction costs are capitalised to the initial cost.

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects estimated market conditions at the reporting date whilst provisional amounts reflect the amounts determined using a reasonable basis such as a valuation roll.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use.

Property, plant and equipment are initially measured at cost or fair value. Subsequent measurement of property, plant and equipment is measured at fair value.

Property, plant and equipment are carried at cost or fair value less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30
Furniture and fixtures	5-10
Motor vehicles	7-10
Office equipment	5-7
IT equipment	5
Emergency equipment	5-10
Refuse tankers	5-10
Infrastructure	5-200
Roads and stormwater	5-150
Refuse	20-50
Community	5-100
Buildings	20-100
Recreational facilities	20-30
Security	5-10
Halls	20-30
Libraries	20-30
Parks and gardens	15-20
Other assets	15-30

1.3 Property, plant and equipment (continued)

Other property, plant and equipment	2-100
Specialist vehicles	10-35
Other vehicles	5-30
Office furniture	3-15
Furniture and fittings	5-20
Watercraft	15-30
Bins and containers	5-15
Specialised plant and equipment	5-35
Other plant and equipment	2-25
Landfill sites	20-100
Quarries	20-100
Emergency equipment	5-25
Computer equipment	3-15
Land	1000

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3-10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.5 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Cash and cash equivalents
- Trade receivables
- Financial assets measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are initially recognised at fair value including any transactions costs.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Accounting Policies

1.5 Financial instruments (continued)

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Financial assets impaired through use of an allowance account are recognised in surplus or deficit within operating expenses, when such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as at fair value through surplus or deficit

All financial instruments are initially measured at fair value. The financial instruments are subsequently recognised at fair value through profit and loss.

Receivables from exchange transactions

Receivables from exchange transactions comprise of:
- Trade debtors

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Payables from exchange transactions comprise of:
- Trade payables
- Payments in advance

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured at amortised cost, using the effective interest method.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised.

1.5 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

the rights to receive cash flows from the asset have expired;

the municipality has transferred its rights to receive cash flows from the asset and either

- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of cash-generating assets

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:
- Cash generating assets are assets held with the primary objective of generating commercial return.
- Non-cash generating assets are assets other than cash-generating assets.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.9 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality provides certain post- retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of all of the medical aid funds with which the municipality is associated, a member is entitled to remain a continued member of the medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These medical aid funds are classified as defined benefit plans.

The current service cost is recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service cost includes the expense for benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefits expense in the statement of financial performance.

Where some of the employees are not members of any qualifying medical aid scheme as at reporting date, the municipality accrues 50% of such potential liability. This management estimate is meant to cater for employees who are likely to join the qualifying medical schemes in future but before retirement.

Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The cost for each employee is computed at each reporting date based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. On determining this liability due allowance is made for future salary increases. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

Accounting Policies

1.10 Leave

The municipality provides employees with time off from work for a variety of reasons. Leave days granted by an employer can either accumulate from one period to the next.

Leave days accumulate from one period to the next. The municipality recognises a liability and expense for accumulating leave as and when employees render services that entitle them to those leave days. The amount of the liability and expense is determined as the additional amount an entity is required to pay as a result of the unused leave days owing to employees at the end of the reporting period.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.8.

1.11 Provisions and contingencies (continued)

If the related asset is measured using the revaluation model:

changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

- a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
- an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;

a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and

the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.12 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from non-exchange transactions comprises of:

Taxes; and
Transfers (whether cash or non-cash), including grants, debt forgiveness, fines, bequests, gifts, donations, and goods and services in kind.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

the muncipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.12 Revenue (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Service charges

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property receiving services. Tariffs are determined per category of property and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.14 Consumer deposits

Consumer deposits are charged when new water and/or electricity accounts are opened except for owner occupied proportions. The amounts vary per type of consumer and are approved by Council as part of the tariff structure.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

1.15 Borrowing costs (continued)

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Accounting Policies

1.19 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 Prior period error

Changes in accounting policies due to adoption of newly effective Standards of GRAP have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy or where allowed transitional provisions had been adopted. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Accounting Policies

1.23 Value added tax

The municipality accounts for Value Added Tax on a payment basis in accordance with section 15(2)(a) of the VAT Act (Act No 89 of 1991) .The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes.The municipality accounts for VAT on a monthly basis.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**
GRAP32: Service Concession Arrangements: Grantor	01 April 2016
GRAP108: Statutory Receivables	01 April 2016
IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016
DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016

3. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	148,135,000	-	148,135,000	120,255,400	-	120,255,400

Reconciliation of investment property - 2015

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	120,255,400	(14,971,000)	(5,940,000)	48,790,600	148,135,000

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	116,114,800	4,140,600	120,255,400

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluation(s) was 30 June 2015. Revaluations were performed by an independent valuer, Engnet Solutions, who are not connected to the municipality and have recent experience in location and categorisation of the investment property being valued.

4. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	111,295,392	-	111,295,392	118,575,492	-	118,575,492
Buildings	767,000	(128,789)	638,211	4,157,591	-	4,157,591
Plant and machinery	14,848,082	(5,180,817)	9,667,265	15,104,600	(3,861,288)	11,243,312
Furniture and fixtures	5,169,832	(3,045,581)	2,124,251	4,971,725	(2,263,138)	2,708,587
Motor vehicles	2,725,747	(1,248,620)	1,477,127	2,649,466	(1,133,545)	1,515,921
Office equipment	1,191,588	(470,528)	721,060	936,624	(327,661)	608,963
IT equipment	5,405,913	(2,292,335)	3,113,578	5,172,699	(1,567,178)	3,605,521
Infrastructure	1,485,119,082	(349,561,678)	1,135,557,404	1,468,960,208	(229,528,058)	1,239,432,150
Community	15,756,311	(2,182,787)	13,573,524	27,837,392	(2,524,321)	25,313,071
Work In Progress	62,980,619	-	62,980,619	25,496,644	-	25,496,644
Other assets	1,737,518	(298,701)	1,438,817	1,732,518	(230,962)	1,501,556
Total	**1,706,997,084**	**(364,409,836)**	**1,342,587,248**	**1,675,594,959**	**(241,436,151)**	**1,434,158,808**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Other changes	Depreciation/ Impairment	Total
Land	118,575,492	-	(7,862,800)	-	582,700	-	111,295,392
Buildings	4,157,591	-	(3,412,529)	-	-	(106,851)	638,211
Plant and machinery	11,243,312	67,535	(324,053)	-	-	(1,319,529)	9,667,265
Furniture and fixtures	2,708,586	-	(20,562)	-	-	(563,774)	2,124,250
Motor vehicles	1,515,920	689,728	(172,812)	-	-	(555,709)	1,477,127
Office equipment	608,963	270,283	(9,736)	-	-	(148,450)	721,060
IT equipment	3,605,521	479,058	(165,705)	-	-	(805,296)	3,113,578
Infrastructure	1,239,432,149	22,560	(206,312)	16,428,945	-	(120,119,937)	1,135,557,405
Community buildings	25,313,071	30,000	(10,657,091)	-	-	(1,112,455)	13,573,525
Work in progress	25,496,644	53,912,920	-	(16,428,945)	-	-	62,980,619
Other assets	1,501,556	30,000	(11,200)	-	-	(81,539)	1,438,817
	1,434,158,805	**55,502,084**	**(22,842,800)**	**-**	**582,700**	**(124,813,540)**	**1,342,587,249**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Other changes	Depreciation/ Impairment	Total
Land	114,086,509	-	-	4,488,983	-	118,575,492
Buildings	4,264,442	-	-	-	(106,851)	4,157,591
Plant and machinery	11,150,290	1,028,999	-	-	(935,977)	11,243,312
Furniture and fixtures	3,229,642	23,069	-	-	(544,125)	2,708,586
Motor vehicles	1,983,014	-	-	-	(467,094)	1,515,920
Office equipment	703,111	20,092	-	-	(114,240)	608,963
IT equipment	4,355,524	23,817	-	-	(773,820)	3,605,521
Infrastructure	1,325,738,989	-	15,373,327	-	(101,680,167)	1,239,432,149
Community buildings	26,198,543	123,955	-	-	(1,009,427)	25,313,071
Work in progress	12,836,827	28,033,144	(15,373,327)	-	-	25,496,644
Other assets	1,578,376	-	-	-	(76,820)	1,501,556
	1,506,125,267	**29,253,076**	**-**	**4,488,983**	**(105,708,521)**	**1,434,158,805**

Figures in Rand	2015	2014

4. Property, plant and equipment (continued)

Pledged as security

Leased motor vehicles as self-secured in that they are used as security for the loans which were taken to fund them. The carrying value of assets that have been pledged as security:

	2015	2014
Motor vehicles	3,623,966	3,623,966

The terms of the agreement are such that the lessor would retain ownership of the vehicles until the loan is fully paid. More details of the loan are disclosed under finance leases.

Assets subject to finance lease (Net carrying amount)

	2015	2014
Motor vehicles	3,477,127	3,515,920

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

	2015	2014
Computer Equipment	18,202	13,143

5. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	282,561	(145,863)	136,698	282,561	(51,677)	230,884

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Intangible assets	230,884	(94,186)	136,698

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Intangible assets	109,061	173,500	(51,677)	230,884

6. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value	2015	2014
Present value of the defined benefit obligation - wholly unfunded	(21,264,000)	(20,149,000)
Actuarial gains/(losses)	8,816,000	3,068,000
Current service cost	(1,356,000)	(2,742,000)
Interest cost	(1,151,000)	(1,460,000)
Benefits paid	24,000	19,000
	(14,931,000)	**(21,264,000)**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

6. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Opening balance	21,264,000	20,149,000
Net expense recognised in the statement of financial performance	(6,333,000)	1,115,000
	14,931,000	**21,264,000**

Net expense recognised in the statement of financial performance

	2015	2014
Current service cost	1,356,000	2,742,000
Interest cost	1,151,000	1,460,000
Actuarial (gains)/losses	(8,816,000)	(3,068,000)
Curtailment	-	(19,000)
Benefits paid	(24,000)	-
	(6,333,000)	**1,115,000**

Calculation of actuarial gains and losses

	2015	2014
Actuarial (gains) losses – Obligation	(8,816,000)	(3,068,000)

Key assumptions used

Assumptions used at the reporting date:

	2015	2014
Discount rates used	7.89 %	7.25 %
Consumer Price Inflation (CPI)	6.14 %	6.24 %
Normal retirement age	65	65
Expected increase in healthcare costs	7.14 %	6.75 %
Average retirement age	63	63
Net effective discount rate	0.70 %	- %

Other assumptions

Assumed salaries cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salaries cost trend rates would have the following effects:

	One percentage point increase	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	4,028,000	4,226,000
Effect on defined benefit obligation	20,773,000	19,870,000

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	14,931,000	21,264,000	20,149,000	15,121,000	12,189,000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees as per employee defined benefits on their specific relevant contracts.

The municipality is under no obligation to cover any unfunded benefits.

Figures in Rand	2015	2014

7. Inventories

Consumables	653,606	-

The year end close was not performed in 2014 thus there is no disclosure.

8. Receivables from exchange transactions

Sundry debtors	107,460	616,465
WSP Sekhukhune District Municipality	-	820,891
Traffic licensing debtor	2,165,377	-
	2,272,837	**1,437,356**

9. Receivables from non-exchange transactions

Traffic Fines	464,614	372,486
Accrued income	807,143	-
INEP Grant debtor	610,189	-
Creditor balances in debit	-	3,107,301
Other receivables	1,642,391	833,306
	3,524,337	**4,313,093**

10. VAT receivable

VAT	864,049	-

The VAT is disclosed as a receivable of R 864,049 (2014: R 0) and a payaple of R 1,036,856 (2014 : R 2,308,908). Refer to note 18.

11. Consumer debtors

Gross balances		
Rates	106,626,710	75,965,163
Refuse	18,181,869	15,268,608
Other	3,035,004	30,221,855
	127,843,583	**121,455,626**
Less: Allowance for impairment		
Rates	(14,250,718)	(20,456,957)
Refuse	(2,702,587)	(7,672,708)
Other	(451,129)	(11,197,283)
	(17,404,434)	**(39,326,948)**
Net balance		
Rates	92,375,993	55,508,206
Refuse	15,479,282	7,595,900
Other	2,583,875	19,024,572
	110,439,150	**82,128,678**
Rates		
Current (0 -30 days)	5,195,154	4,642,161
31 - 60 days	4,015,089	2,627,620
61 - 90 days	2,752,163	1,877,617
91 - total days	94,664,304	66,817,765
	106,626,710	**75,965,163**

Figures in Rand	2015	2014

11. Consumer debtors (continued)

Refuse		
Current (0 -30 days)	774,985	761,485
31 - 60 days	600,894	515,414
61 - 90 days	496,368	731,869
91 - total days	16,309,622	13,259,841
	18,181,869	**15,268,609**

Other		
Current (0 -30 days)	125,242	3,596,866
31 - 60 days	40,062	1,264,362
61 - 90 days	40,286	2,197,209
91 - 120 days	2,829,414	23,163,418
	3,035,004	**30,221,855**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(39,326,948)	(38,454,240)
Contributions to allowance	21,418,911	(1,800,000)
Debt impairment written off against allowance	503,603	927,292
	(17,404,434)	**(39,326,948)**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,999	3,999
Bank balances	197,250,625	108,737,759
	197,254,624	**108,741,758**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
FNB BANK - CALL ACCOUNT - 620-623-0699	35,482	35,112	34,854	35,482	35,112	34,854
FNB BANK - CHEQUE ACCOUNT - 565-500-22466	124,693,479	34,571,346	5,081,499	124,686,941	19,310,478	825,104
FNB BANK - BUSINESS MONEY MARKE - 621-714-33982	187,074	179,515	173,311	187,074	179,515	173,311
FNB BANK - CALL ACCOUNT -620-275-10818	15,059,267	33,947,234	32,746,953	15,059,267	33,947,234	32,746,953
FNB BANK - CALL ACCOUNT - 616-550-0887	73,529	72,409	71,715	73,529	72,409	71,715
NEDBANK - 90DAYS NOTICE - 7881096004	56,000,000	55,090,147	52,315,173	56,000,000	55,090,148	52,429,694
FNB BANK - CHEQUE ACCOUNT - 620-973-4319 - GTM LIMPOPO P.H.P	-	-	11,944	-	-	-
NEDBANK - CALL DEPOSIT - 3788-1096-004-24	1,377,264	-	-	1,377,264	-	-
Total	**197,426,095**	**123,895,763**	**90,435,449**	**197,419,557**	**108,634,896**	**86,281,631**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Other financial liabilities

At amortised cost		
DBSA LOAN 102904/1&2	14,219,095	13,902,020
Loan 102904/1 - Interest bearing at a rate of 10.415% per annum over a loan period of 20 years.		
Loan 102904/2 - Interest bearing at a rate of 5% per annum over a loan period of 20 years.		
DBSA LOAN 13585/102	1,691,396	1,562,782
Loan 13585/102 - Interest bearing at a rate of 5% per annum over a loan period of 20 years.		
Total financial liabilities	**15,910,491**	**15,464,802**
Total other financial liabilities	**15,910,491**	**15,464,802**
Non-current liabilities		
At amortised cost	15,079,370	14,633,682
Current liabilities		
At amortised cost	831,120	831,120

14. Finance lease obligation

Minimum lease payments due		
- within one year	2,289,828	2,289,754
- in second to fifth year inclusive	28,536	2,318,364
	2,318,364	4,608,118
less: future finance charges	(106,321)	(391,682)
Present value of minimum lease payments	**2,212,043**	**4,216,436**
Present value of minimum lease payments due		
- within one year	2,183,722	2,004,394
- in second to fifth year inclusive	28,321	2,212,042
	2,212,043	**4,216,436**
Non-current liabilities	28,321	2,212,042
Current liabilities	2,183,722	2,004,394
	2,212,043	**4,216,436**

It is municipality policy to lease plant and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9.25%.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2015	2014
LG SETA Grant	133,979	-
MSIG Grant	836,000	-
FMG Grant	669,448	-
EPWP Grant	94,934	-
MIG Grant	34,068,677	-
NDP Grant	3,750,358	15,568
	39,553,395	**15,568**

Movement during the year

	2015	2014
Balance at the beginning of the year	15,568	14,529,252
Additions during the year	170,776,981	-
Income recognition during the year	(131,849,340)	(11,013,684)
Tranferred to National Treasury	-	(3,500,000)
Reclassifying grants as debtors	610,186	-
	39,553,395	**15,568**

See note 23 for reconciliation of grants from National/Provincial Government.

16. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Reversed during the year	Actuarial (gains) losses	Actual benefit payments	Total
Environmental rehabilitation	6,073,897	940,865	-	-	-	7,014,762
Provision for performance bonus	678,536	-	(678,536)	-	-	-
Long service leave provision	4,919,000	889,000	-	(294,000)	(144,000)	5,370,000
	11,671,433	**1,829,865**	**(678,536)**	**(294,000)**	**(144,000)**	**12,384,762**

Reconciliation of provisions - 2014

	Opening Balance	Additions	Acturial (gains)/losses	Actual benefit payments	Total
Environmental rehabilitation	5,663,607	410,290	-	-	6,073,897
Provision for performance bonus	678,536	-	-	-	678,536
Long service leave provision	4,708,000	971,000	(523,000)	(237,000)	4,919,000
	11,050,143	**1,381,290**	**(523,000)**	**(237,000)**	**11,671,433**

	2015	2014
Non-current liabilities	7,014,762	6,073,897
Current liabilities	5,370,000	5,597,536
	12,384,762	**11,671,433**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

17. Payables from exchange transactions

Trade payables	1,145,311	16,763,024
Payments received in advanced - contract in process	1,058,729	1,058,729
Accrued leave pay	6,513,337	4,881,906
Retention creditors	11,993,811	7,900,703
Other payables	24,325,583	9,676,863
Consumer debtors in credit	7,365,838	4,531,529
	52,402,609	**44,812,754**

18. VAT payable

Tax refunds payables	821,729	2,308,908

The VAT is disclosed as a receivable of R 864,049 (2014: R 0) and a payable of R 1,036,856 (2014 : R 2,308,908). Refer to note 10.

19. Consumer deposits

Water	-	1,192,319

The consumer deposits have been paid to the water services authority.

20. Revenue

Service charges	8,730,813	7,984,926
Rental of facilities and equipment	420,071	557,171
Licences and permits	6,738,786	6,413,748
Fees earned	652,491	648,495
Commissions received	-	4,839,601
Other income	943,204	667,280
Interest received - investment	7,209,049	5,783,951
Property rates	75,360,585	70,009,714
Property rates - penalties imposed	7,621,393	5,383,223
Government grants & subsidies	313,483,339	226,471,252
Fines, Penalties and Forfeits	1,829,100	1,525,450
	422,988,831	**330,284,811**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	8,730,813	7,984,926
Rental of facilities and equipment	420,071	557,171
Licences and permits	6,738,786	6,413,748
Fees earned	652,491	648,495
Commissions received	-	4,839,601
Other income	943,204	667,280
Interest received - investment	7,209,049	5,783,951
	24,694,414	**26,895,172**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

20. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	75,360,585	70,009,714
Property rates - penalties imposed	7,621,393	5,383,223
Transfer revenue		
Government grants & subsidies	313,483,339	226,471,252
Fines, Penalties and Forfeits	1,829,100	1,525,450
	398,294,417	**303,389,639**

21. Property rates

Rates received

Residential	78,171,529	70,169,502
Less: Income forgone	(2,810,944)	(159,788)
	75,360,585	70,009,714
Property rates - penalties imposed	7,621,393	5,383,223
	82,981,978	**75,392,937**

Valuations

Residential	2,045,897,000	2,045,897,000
Commercial	1,135,312,000	1,135,312,000
Government	940,451,000	940,451,000
Municipal	87,739,600	87,739,600
Small holdings and farms	1,079,516,000	1,079,516,000
Schools	22,600,000	22,600,000
Mines	460,400,000	460,400,000
Churches	23,735,000	23,735,000
	5,795,650,600	**5,795,650,600**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2011. Interim valuations are processed on a need basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied to property valuations to determine assessment rates. Rebates of 30% are granted to residential and state property owners.

Rates are levied on an annual basis and paid on monthly basis with the final date for payment being 30 June 2015. Interest at prime plus 1% per annum and a collection fee of is levied on rates outstanding two months after due date.

The new general valuation was implemented on 01 July 2011, the municipality has requested an extension on the validity of the valuation roll from the office of the MEC for local government. The extension was granted.

22. Service charges

Refuse removal	8,730,813	7,984,926

Figures in Rand	2015	2014

23. Government grants and subsidies

Operating grants		
Equitable share	181,634,000	148,108,000
Municipal Systems Improvement Programme Grant	98,000	890,000
EPWP	1,269,066	1,000,000
FMG	930,552	1,559,174
	183,931,618	151,557,174
Capital grants		
Municipal Infrastructure Grant	62,676,322	55,171,078
INEP Grant	60,610,189	14,215,000
Neighhbourhood Development Grant	6,265,210	5,528,000
	129,551,721	74,914,078
	313,483,339	**226,471,252**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive 100% subsidy on a monthly basis for rates and refuse , which is funded from the grant.

INEP Grant

Current-year receipts	60,000,000	14,215,000
Conditions met - transferred to revenue	(60,610,189)	(14,215,000)
	(610,189)	-

Conditions met - see receivables from non-exchange (see note 9)

The grant is used for electrification acceleration projects. No funds were withheld.

FMG

Balance unspent at beginning of year	-	9,174
Current-year receipts	1,600,000	1,550,000
Conditions met - transferred to revenue	(930,552)	(1,559,174)
	669,448	-

Conditions still to be met - remain liabilities (see note 15)

The grant is used to cater for the finance management interns, their training and any other financial management reforms. No funds were withheld.

MSIG

Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(98,000)	(890,000)
	836,000	-

Conditions still to be met - remain liabilities (see note 15)

This grant is used to assist the municipality with building in-house capacity to perform their functions and stabilise institutional and governmental systems. No funds were withheld.

Figures in Rand	2015	2014

23. Government grants and subsidies (continued)

EPWP

Current-year receipts	1,364,000	1,000,000
Conditions met - transferred to revenue	(1,269,066)	(1,000,000)
	94,934	**-**

Conditions still to be met - remain liabilities (see note 15)

The grant is used for salaries of employees for the Extended Public Works Programme. No funds were withheld.

MIG

Balance unspent at beginning of year	-	14,520,078
Current-year receipts	96,745,000	40,651,000
Conditions met - transferred to revenue	(62,676,323)	(55,171,078)
	34,068,677	**-**

Conditions still to be met - remain liabilities (see note 15)

This grant is for the implementation of projects approved by MIG.The municipality was allocated R61,745,000 for 2015 which was fully spent during the period, additional funds of R35,000,000 were received published under the Division of Revenue Amendment Act (Act No. 38 of 2014) on page 12 of the Government Gazette 38613 dates 31 March 2015. The roll forward has been approved by National Treasury. No funds were withheld.

NDP Grant

Balance unspent at beginning of year	15,568	-
Current-year receipts	10,000,000	5,528,000
Conditions met - transferred to revenue	(6,265,210)	(2,012,432)
Transferred back to National Treasury	-	(3,500,000)
	3,750,358	**15,568**

Conditions still to be met - remain liabilities (see note 15)

The grant is used to enshance economic development projects including Burgersfort and Practiseer Hawkers Facilities. Funds were repaid to National Treasury in 2014.

LG SETA Grant

Balance unspent at beginning of year	-	-
Current-year receipts	133,979	-
Conditions met - transferred to revenue	-	-
	133,979	**-**

Conditions still to be met - remain liabilities (see note 15)

The grant is is used for work skills plan for employees training. No funds were withheld.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

24. Other revenue

Fees earned	652,491	648,495
Commissions received	-	4,839,601
Fines, Penalties and Forfeits	1,829,100	1,525,450
Other income	943,204	667,280
Licences and permits	6,738,786	6,413,748
	10,163,581	**14,094,574**

25. General expenses

Allowances traditional leaders	368,799	115,454
Advertisements	691,339	629,133
Refurbishment	461,010	-
Auditors remuneration	3,033,678	2,404,365
Bank charges	345,659	314,679
MSIG - Implementation of GRAP standards	98,000	-
Land use management scheme	467,886	159,700
Consulting and professional fees	13,499,865	15,339,918
Debt collection	742,341	-
LED Strategy	1,151,586	-
Electrification projects	55,965,643	33,421,850
Entertainment	595,884	346,714
Insurance	441,927	396,241
IT management	3,273,227	695,645
Promotions and sponsorships	-	337,544
Magazines, books and periodicals	255,816	57,590
EPWP - Implementation of grant	1,269,066	-
Performance bonus provision realisation	(678,536)	-
Fuel and oil	1,394,977	970,702
Printing and stationery	493,215	909,138
Protective clothing	198,813	381,204
Royalties and license fees	80,353	50,102
Occupational health and safety	706,935	294,601
Employee wellness	302,818	425,176
Subscriptions and membership fees	885,054	710,753
Telephone and fax	1,125,016	1,361,271
Training	530,415	1,132,816
Travel - local	7,545,536	5,288,172
Refuse	15,226	1,360
Special programs	4,329,950	4,223,020
Ward committee	3,448,400	3,483,000
Skills development program	1,046,937	-
Implementation of FMG grant	930,552	980,662
Hawker's fees	3,102,315	1,504,653
Billing charges	13,655,091	(3,938,678)
Other expenses	3,821,040	1,303,723
Rent of equipment and offices	17,926,490	21,436,311
	143,522,323	**94,736,819**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

26. Employee related costs

Basic	51,738,563	48,930,782
Medical aid - company contributions	4,425,325	3,852,081
UIF	416,784	396,212
Industrial council levy	23,608	20,085
Skills development levy	762,681	717,882
Leave pay provision charge	2,626,739	(5,799,092)
Defined contribution plans	11,297,921	10,476,561
Overtime payments	2,054,925	1,987,584
Long-service bonus provision	451,000	638,000
13th Cheques	4,421,985	4,113,024
Car allowance	9,255,173	8,922,834
Housing benefits and allowances	392,666	388,142
Tellephone allowance	734,266	770,013
Other allwance	21,010	16,720
Standby allowance	3,128	1,460,000
Post Employment Health Care Benefit Current Cost	1,356,000	2,742,000
	89,981,774	**79,632,828**

Remuneration of Municipal Manager

Abitration	1,238,563	-
Acting allowance	162,590	-
Annual Remuneration	-	985,541
Car Allowance	-	132,000
Subsistence allowance	1,120	-
Telephone allowance	-	17,809
	1,402,273	**1,135,350**

The position of the Municipal Manager for the year under review was vacant and was occupied by Acting Municipal Manager's. Mrs Monyepoa acted for the period 1 July 2014 to 31 August 2014, COGHSTA Seconded Mr Moja M.M from 8 September 2014 to 28 April 2015, Mrs Ramaipadi M.A acted from May 2015 to June 2015. The arbitration amount was paid to the former Municipal Manager whose case was settled in court during the year under review.

Remuneration of Chief Finance Officer

Abitration	1,145,359	-
Acting allowances	267,174	304,863
Car Allowance	36,268	32,225
Leave pay	301,152	-
Other allowance	960	2,682
	1,750,913	**339,770**

The position of the Chief Financial Officer was vacant for the year under review and occupied by Acting Chief Financial Officer's, Mr Maepa M W acted from the 1 July 2014 to 31 August 2014, COGHSTA seconded Mr Mhangwana D who acted from 8 September 2014 to 30 June 2015. The arbitration amount was paid to the former Chief Finance Officer whose case was settled in court during the year under review.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

26. Employee related costs (continued)

Remuneration of Corporate and Human Resources (Corporate Services)

Acting allowance	9,637	-
Annual Remuneration	341,392	801,341
Car Allowance	71,063	170,550
Leave pay	147,535	-
Telephone allowance	8,095	37,428
	577,722	**1,009,319**

The position for Director Corporate Service was vacant since November 2014 and was occopied by Acting Director Mr Motha J.M until March 2015, the position has remained without an acting person since April 2015 to June 2015.

Remuneration of Community Services

Acting allowance	6,473	-
Annual Remuneration	434,946	845,891
Car Allowance	50,572	100,160
Housing allowance	12,000	24,000
Leave pay	110,209	-
Subsistence allowance	240	-
Telephone allowance	9,714	43,428
	624,154	**1,013,479**

The position of Community Service Director was vacant since December 2014 and filled July 2015 and has since been occupied by Acting Director Mrs Lingwati M.Y to June 2015.

Remuneration of Director Technical Services

Acting allowance	8,416	-
Annual Remuneration	426,184	711,558
Car Allowance	176,401	321,976
Leave pay	89,658	-
Other allowance	-	12,269
Performance Bonuses	-	59,028
Subsistence allowance	2,400	-
	703,059	**1,104,831**

The remureation of the Director Technical Services was vacated in December 2014 and since January 2015 Mr Malungana M.E was appointed acting Director to 30 June 2015

Remuneration of Director Land and Economic Development

Acting allowance	-	225,214
Annual Remuneration	817,944	765,512
Car Allowance	180,000	194,512
Telephone allowance	19,428	19,428
Other	-	1,269
	1,017,372	**1,205,935**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

27. Remuneration of councillors

Mayor	756,303	724,669
Speaker	617,690	583,908
Councillors	16,167,925	15,858,198
Chief Whip	580,391	548,719
	18,122,309	**17,715,494**

In-kind benefits

The Mayor, Speaker and Chief Whip are full time and provided with office space and secretarial support at the cost of the Council.

The executive committee consists of full time and part time members.

The Mayor has the right of use of a municipal vehicle including a driver.

Remuneration of Mayor

Car allowance	183,859	175,950
Cellphone allowance	-	20,868
Salary	551,576	527,851
Travel allowance	20,868	-
	756,303	**724,669**

Remuneration of Speaker

Cellphone allowance	20,868	20,868
Car allowance	149,205	140,760
Salary	447,617	422,280
	617,690	**583,908**

Remuneration of Chief Whip

Cellphone allowance	20,868	20,868
Car allowance	139,881	131,963
Salary	419,642	395,888
	580,391	**548,719**

Remuneration of Councillors

Car Allowance	3,758,600	3,655,028
Cellphone allowance	1,180,230	1,251,987
Salary	11,229,095	10,951,183
	16,167,925	**15,858,198**

28. Debt impairment

Contributions to debt impairment provision	17,908,037	1,800,000

29. Fair value adjustments

Investment property (Fair value model)	48,790,600	4,140,600

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

30. Depreciation and amortisation

Property, plant and equipment	106,169,596	105,656,302

31. Impairment of assets

Impairment

Property, plant and equipment - Impairment indicators were identified for property, plant and equipment.	18,726,561	-
Trade and other receivables - Impairment relates to fines issued that are not deemed recoverable within next financial year. The impairment indicator is based on fine receipts compared to total fines issued during the financial year.	1,453,792	967,571
Other receivables from exchange revenue - Impairment relates to sundry debtors that are not deemed recoverable within next financial year.	512,433	-
	20,692,786	**967,571**

32. Finance costs

Trade and other payables	1,889,366	425,049
Finance leases	285,361	-
Current borrowings	2,455,637	1,279,354
Other interest paid	-	333,000
	4,630,364	**2,037,403**

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R - (2014: R -).

33. Auditors' remuneration

Fees	2,887,370	2,310,587
Audit committee	146,308	93,778
	3,033,678	**2,404,365**

34. Rental of facilities and equipment

Premises	420,071	557,171

35. Contracted services

Professional services	9,666,230	1,701,061
Cash collection cost	309,410	312,295
Security services	7,819,363	11,391,634
	17,795,003	**13,404,990**

36. Grants and subsidies paid

Other subsidies

Grant in Aid & Burial	-	97,040
Free Basic Eletricity	3,734,692	3,483,987
	3,734,692	**3,581,027**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

37. Cash generated from operations

	2015	2014
Surplus	22,094,379	6,204,801
Adjustments for:		
Depreciation and amortisation	106,169,596	105,656,302
Gain (loss) on sale of assets and liabilities	15,153,801	(3,847,000)
Other non-cash items	(3,957,416)	(20,952,813)
Fair value adjustments	(48,790,600)	(4,140,600)
Investment property	14,971,000	-
Finance costs	4,630,363	2,037,404
Impairment deficit	20,692,786	967,571
Debt impairment	17,908,037	1,800,000
Movements in retirement benefit assets and liabilities	(6,333,000)	1,115,000
Movements in provisions	713,328	621,290
Changes in working capital:		
Inventories	(653,605)	-
Receivables from exchange transactions	(835,481)	3,531,425
Consumer debtors	(28,310,472)	(31,754,765)
Other receivables from non-exchange transactions	788,756	2,647,075
Payables from exchange transactions	(7,589,855)	10,058,928
VAT	(623,130)	(3,812,700)
Unspent conditional grants and receipts	39,537,828	(14,513,684)
Consumer deposits	(1,192,319)	48,923
	144,373,996	**55,667,157**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

38. Commitments

Authorised capital expenditure not completed

Already contracted for but not provided for		
Facilities	25,569,037	-
Rural Cemetries	-	-
Electrification of villages	156,785,000	2,481,897
	182,354,037	**2,481,897**

Total capital commitments		
Already contracted for but not provided for	182,354,037	2,481,897

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	16,990,613	15,446,679
- in second to fifth year inclusive	86,628,350	103,618,963
	103,618,963	**119,065,642**

Greater Tubatse Municipality leases a building from Tubatse Properties (Pty) Ltd for a period of 10 years, effective from 1 July 2010. The lease payment is R877 800 per month with an annual escalation of 10%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term.

Greater Tubatse Municipality leases a premises from Hannah Trust for a period of 3 years, effective from 1 May 2014. The lease payment is R24 153 per month with an annual escalation of 7%. No contingent rent is payable. The lease agreement is renewable at the end of the lease term.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

39. Contingent Liabilities and Assets

The following are the cases lodged within court:

	2015	2014
Contingent liabilities		
Mopicon vs GTM	2,571,001	2,571,001
The supplier was appointed to construct Bugersfort main road but they failed to deliver an the specifics and GTM terminated their contract in 2010. The supplier then sued GTM for R2,571,001 for unlawful termination of contract. Ongoing case which is anticipated to be wrapped up in April 2016.		
Justice Kgoete vs GTM	-	-
Justice Kgoete applied for traffic manager position but was not appointed as one. He sued the municipality through labour but did not appear on the court order dates. He is currently paying the municipality R3,000 (In total R75,000) for not appearing at the court on the dates that were set. Trail date has not been set yet.		
Zwahuli Developers vs GTM	-	-
Zwahuli Developers bid for a tender and alleged that the municipality awarded it to another service provider unfairly. They requested information from the municipality under access to information act. This information was provided to the them in July 2015 and to date the matter has not been taken to court.		
SAMWU vs COGHSTA & OTHERS	-	-
Urgent Application against the extension of Acting role of the Municipal Manager in July 2014. The labour court ruled in favour of the Municipality in July 2014.		
Loncon Developments (Pty) Ltd vs GTM	89,000,000	89,000,000
Loncon Development signed a land availability agreement with GTM in 1999 to build RDP houses. These land was then later occupied by residents illegally. Loncon Development sued the Municipality for R89,000,000 in 2012 for failure to protect the land against the illegal occupant. The matter is still ongoing.		
Thushang Construction vs GTM	2,999,309	2,999,309
	-	-
In 2000 Thushanag Construction was appointed to construct a stadium at Praktiseer township. The service provider could finalise the project and the consulatant terminated their contract in 2000. In 2008 the service provider sued the municipality through the high court for R2,999,308.72 compensation of unfair termination. The matter was finalised in March 2015 and judgement has been reserved.		
Limpopo Road Binders v GTM	1,835,524	1,835,524
	-	-
In 2008 Limpopo Road Binders was appointed to construct a water drainage system at GaMapodile village. At the time of service the municipality was undergoing cashflow crisis and service provider entered into a cession agreement with the supplier of the material to used in order to get the material and commence the work. The agreement was that the supplier of the material will be paid by the directly by the municipality, however the service provider later sued for the value of the materials amounting R1,835,524.03. The matter is still ongoing		
Amelia Mashego v GTM	7,566,715	7,566,715
In 2008 the municipality offerred Amelia Mashego employment at a salary notch above the level that she was appointed for. She sued the municipality through high court for R7,566,714.60 to compensate her for the loss of income between then and her retirement date based on the salary notch she was offered. The matter is still ongoing.		
Munsoft (Pty) Ltd vs GTM	3,027,002	3,027,002
Service provider was appointed by the district municipality to assist local municipalities in preparation of annual financial statements in 2013. They municipality did not pay the service provider as it believes that the district should pay the service provider. The service provider then sued the municipality for the services rendered amounting to R3027 002.38 through the high court. This matter is still ongoing.		
	106,999,551	**106,999,551**

40. Related parties

Relationships

Directors	Refer to note 26
Councillors	Refer to note 27

The Councillors and Directors are related parties and their transactions are included in note 26 and 27. The municipality has various processes in place to identify and note any related party transactions. These processes range from disclosure by bidders on the bid documents (MB4) to maintenance of a conflict of interest register. For councillors, the disclosure register is kept in the Office of the Speaker whilst for other senior managers it is kept by the Corporate Services Directorate.

Councillors and Directors are related parties and their transactions are included in the notes to the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

41. Prior period errors

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

1.1.a Property, plant and equipment		
Balance as previously stated - 30 June 2014		1,449,089,504
Correction of prior period error		
Provision for landfill rehabilitation not accounted for		4,488,982
Unbundling of roads, reclassification and duplicated journals corrected		(19,419,678)
Restated balance as at 30 June 2014		1,434,158,808
1.1.b Intangible assets		
Balance as previously stated - 30 June 2014		64,062
Correction of prior period error		
Duplicate journals, additions being corrected		166,822
Balance as previously stated - 30 June 2014		230,884
1.2 Receivables for non-exchange transactions		
Balance as previously stated - 30 June 2014		3,107,103
Correction of prior period error		
iGRAP 1 disclosure of fines not accounted for		372,486
Other receivables previously not included		883,306
Restated balance as at 30 June 2014		4,313,093
1.3 Provisions		
Balance as previously stated - 30 June 2014		6,771,861
Correction of prior period error		
Provision for landfill rehabilitation not accounted for		4,488,982
Finance cost not accounted for		410,590
Restated balance as at 30 June 2014		11,671,433
1.4 Trade and other payables		
Balance as previously stated - 30 June 2014		38,895,325
Correction of prior period error		
Duplicate clearing of salary suspense account		(253,932)
Retention creditors incorrectly allocated in duplicate		4,429,792
Creditor accounted for in the incorrect period		17,663
Other payables previously not included		1,723,905
Restated balance as at 30 June 2014		44,812,754
1.5 VAT payable		
Balance as previously stated - 30 June 2014		2,852,918
Correction of prior period error		
VAT incorrectly allocated in duplicate		(544,010)
Restated balance as at 30 June 2014		2,308,908

Figures in Rand	2015	2014

41. Prior period errors (continued)

1.6 Unspent grants

Balance as previously stated - 30 June 2014		3,515,567
Correction of prior period error		
Transfer back to National Treasury		(3,500,000)
Restated balance as at 30 June 2014		15,567

1.7 Consumer debtors		
Balance as previously stated - 30 June 2014		72,690,305
Correction of prior period error		
Correction of balances to agree to the age analysis		9,438,373
Restated balance as at 30 June 2014		82,128,678

1.8 Surplus for the year		
Balance as previously stated - 30 June 2014		58,879,305
Correction of prior period error(s)		
Reclassification of electrification projects from capitilased to operating expenses		(33,421,850)
Repairs and maintenance unaccounted for		(1,447)
Depreciation unaccounted for		(2,000)
Finance cost unaccounted for		(410,590)
Duplicate clearing of salary accounts		253,932
iGRAP 1 disclosure of fines not accounted for		372,486
Revenue and expenditure items being correctly accounted for		(25,669,836)
Restated balance as at 30 June 2014		6,204,801

1.9 Cash and cash equivalents		
Balance as previously stated - 30 June 2014		108,638,895
Correction of prior period error		
Correction of investment balances		102,863
Restated balance as at 30 June 2014		108,741,758

1.10 Other financial liabilities		
Balance as previously stated - 30 June 2014		15,299,940
Correction of prior period error		
Correction of loan balances		164,862
Restated balance as at 30 June 2014		15,464,802

1.11 Finance lease obligation		
Balance as previously stated - 30 June 2014		27,718,355
Correction of prior period error		
Derecognition of building lease now classified as operating leases		(24,723,745)
Recognition of omitted lease		1,141,058
Period adjustments		80,768
Restated balance as at 30 June 2014		4,216,436

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

41. Prior period errors (continued)

1.12 Operating lease obligation		
Balance as previously stated - 30 June 2014		-
Correction of prior period error		
Recognition of operating lease liability		13,594,141
Accounting for accrual on the lease expense		2,683,247
Restated balance as at 30 June 2014		16,277,388

42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43. Unauthorised expenditure

	2015	2014
Opening balance	77,687,230	77,687,230
Unauthorised expenditure - on cash votes	1,423,238	-
	79,110,468	**77,687,230**

Current year unauthorised expenditure relates to overspending of remuneration to councillors and employee cost due to the upper limits salary determination being promulgated late.

Council has referred this amount to the MPAC for investigation and subsequent ratification.

44. Fruitless and wasteful expenditure

	2015	2014
Opening balance	318,123	77,319
Fruitless and wasteful expenditure	1,531,202	240,804
	1,849,325	**318,123**

Included in the current year is an amount of R1,3 million for interest charged on invoices for the Operation Mabune Project. The grant money for this project was received late and thus the invoices were paid late incurring the interest penalty.

Council has referred this amount to the MPAC for investigation and subsequent ratification.

45. Irregular expenditure

	2015	2014
Opening balance	121,760,963	87,157,244
Expenditure current year	16,058,399	34,603,719
	137,819,362	**121,760,963**

Council has referred this amount to the MPAC for investigation and subsequent ratification.

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Non compliance SCM regulations	Currently under investigation	1,297,086

Figures in Rand	2015	2014

46. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

	2015	2014
Opening balance	(429,970)	1,880,617
Current year fee	3,158,172	-
Amount paid - current year	(3,158,173)	(2,310,587)
	(429,971)	**(429,970)**

SALGA Fees

	2015	2014
Current year subscription / fee	810,355	809,410
Amount paid - current year	(810,355)	(809,410)
	-	-

PAYE and UIF

	2015	2014
Current year subscription / fee	18,245,622	16,921,191
Amount paid - current year	(18,245,622)	(16,921,191)
	-	-

Pension and Medical Aid Deductions

	2015	2014
Current year subscription / fee	26,523,701	24,740,964
Amount paid - current year	(26,511,329)	(24,740,964)
	12,372	-

VAT

	2015	2014
VAT receivable	42,320	-
VAT payable	-	2,308,908
	42,320	**2,308,908**

VAT output payables and VAT input receivables are shown in note 10 and 18.

All VAT returns have been submitted by the due date throughout the year. The municipality is registred on the cash basis and the timing of payments to/from SARS is at the end of each month.

Councillors' arrear consumer accounts

Councillors had arrear accounts on 30 June 2015 .

30 June 2015	Outstanding more than 90 days R	Total R
Councillor M D Nkosi	17,704	17,704
	17,704	**17,704**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2014	Outstanding more than 90 days R	Total R
Councillor M D Nkosi	19,401	19,401

The Councillor was entered into a repayment agreement for R500 per month with the Municipality. This agreement will be rediscussed.

47. Utilisation of Long-term liabilities reconciliation

	2015	2014
Long-term liabilities raised	15,910,490	15,464,802

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.